

REPUBLIC OF MOLDOVA

**CREATION OF
PUBLIC RELATIONS DEPARTMENT
AT MOLDTRANSELECTRO**

Power Market Operations

**Moldova Energy Sector Reform
Contract No. LAG-I-00-98-00005-00
Task Order No. OUT-LAG-I-806-98-00005-00**

Final Report

Prepared for:

U.S Agency for International Development
Office of Economic Restructuring
USAID/Ukraine

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March 1999

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1. EXECUTIVE SUMMARY

The last two years may be characterized as a period during which many important and significant changes were made in the organizational, economic and financial structures of the Power sector of Moldova. The power sector engaged in a process of vertical disintegration, with the corporatization of state owned utilities (generators, distributors and transmission/dispatch), began a period of continuous commercialization of its activities and now is anticipating privatization during 1999.

Numerous changes in the way of doing business in the power sector have been initiated, including the establishment of a new National Agency for Energy Regulation (ANRE) to issue electricity licenses and regulate industry behavior. The present Electricity Law and Gas Law, both enacted in December, 1998, the introduction of International Accounting Standards, numerous Government Resolutions, and new ANRE Rules and Regulations have all introduced fundamental changes in the relationship of the industry to all of its "publics".

Moldtranselectro, as the holder of both dispatch and transmission licenses, will play a central role in the efficient and reliable flow of electricity from generators and foreign suppliers to consumers, with an instantaneous matching of demand and supply. Because it has been a government owned entity since its establishment, political events that have caused a general lack of trust for the government strongly influence customer opinion of the company.

In a separate document Hagler Bailly has addressed the new organizational needs of Moldtranselectro as it undertakes changed responsibilities in the restructured power sector. Within the overall organization recommended, the Public Relations Department is responsible for the important, essential role of developing and execution an effective communications policy which will clearly inform all external entities, government, employees, and the general public about the activities undertaken by the company.

We propose the development and implementation of a two-sector Public Relations Department within Administrative Services Division of Moldtranselectro. The **Public Communications Group** will deal with communications with the external public, whereas the **Employee Communications Group** will be responsible for information flow to employees.

Notwithstanding the fact that Moldtranselectro currently has a public relations function in its organization, we recommend that a strategic analysis be undertaken directed toward defining this important activity to be responsive to anticipated needs in the new power sector environment post restructuring. The following actions are recommended:

1. Define clearly goals, objectives and strategies for each group;
2. Prepare detailed organizational charts for the department, a manning table and job descriptions;
3. Define communications links with other departments/divisions in the company;
4. Identify all external public contacts and define communications links with each;
5. Prepare start-up and/or operating budget; and
6. Assemble qualified staff and design required training programs.

2. BACKGROUND

For years, the public has had to endure an unstable power supply with ongoing periods of limited or no electricity supplies. This has created an expectation that the power industry, including Moldtranselectro, cannot provide a consistent and reliable quality of service. Moldova is emerging from a political and social environment where the government was supposed to supply all of the needs of the people and yet, in the last few years in particular, this promise has not been fulfilled and the public perception of the industry is not very good.

For the foreseeable future, the government will retain its ownership of Moldtranselectro and the licenses for transmission and central dispatch services held by the company. In order to function successfully in the new electricity market and provide the valuable services expected of it, Moldtranselectro will need to have credibility generally and the trust of industry participants in particular. The Company will serve as a market facilitator and information bank and, therefore, a high level of confidence in the capabilities and integrity of Moldtranselectro is very important to all engaged in the power market.

Because customers' tariffs will include all of the costs of providing electricity, including the costs of Moldtranselectro's services to the industry, it will be important for both market participants and customers to trust that the Company's values reflect adherence to the highest ethical standards and that the Company's operations are effective and cost efficient. For these reasons, Moldtranselectro needs to adopt a vigorous, continuing program of excellent public relations and create a strong, positive image based on its actual performance.

3. PUBLIC RELATIONS CONCEPTS

In a competitive market place, *public relations* is all about creating image, reputation, and expectations that help manage customer choice, with the objective of increasing sales and market share. Where competition is introduced into the picture, customer choice among competing suppliers becomes everything – the factor which makes or breaks the enterprise – and, therefore, preserving, protecting and enhancing the company's reputation and its quality of service is essential to corporate success.

Since Moldtranselectro is a monopoly supplier with no competition, it does not have direct signals from consumer purchase decisions to provide incentives for its public relations efforts. However, in order to obtain appropriate fees for its services, it must convince its regulator, ANRE, that its behavior merits the fees that it seeks to charge for its services. For Moldtranselectro the essential task is to convince its customers, ANRE and its other "publics" that it is doing the job expected, without the benefit of a direct comparison to any competitors providing similar service.

What does the name Moldtranselectro tell its customers (market participants or, ultimately, end users) about the service and experience that they are going to have when dealing with the Company? Industry specific issues, plus ongoing political issues in the country, have created an existing customer base which has learned from experience that it cannot count on, or trust, the power companies owned and operated by the Government. Adding to this basic lack of trust, which is an emotional issue, we have the concrete and continuing reality of unacceptable levels of service. One can hardly expect customers to be supportive or loyal to an industry, or any company within the industry, that has not met their needs in the past and continues to operate below reasonable expectations of adequate service.

So what is a company to do to begin to change the image and rebuild trust and respect with its customers? It almost goes without saying that, first and foremost, the provision of consistent, reliable, and competitively priced electric service is a must. Unless the power industry, and Moldtranselectro as an integral, key part of the industry, can deliver energy efficiently and reliably, public relations efforts are without the substantive foundation necessary to make them effective. But with stable operations in place, public relations coupled with employee relations and corporate communications can change the face and future of the Company.

A Company that realizes that its employees "are" the company, is a step ahead when it comes to public relations and marketing. A sense of pride for the Company must be invoked among the employees. Their feelings and beliefs are reflected in the quality of their work and interactions both on and off the job with customers.

Employees are the "face" of the company, so if they don't believe in the company, how will customers? Employees also are customers who live in the community and by their interaction with their neighbors every day represent the Company in a unique, personal way which is very difficult to replicate through other communications vehicles. Employees have a credibility with their families, friends, neighbors and other acquaintances which is very influential in forming overall public perceptions, whether good or bad.

An employee relation's effort that is jointly designed and implemented as part of an overall public relations strategy will add a strong foundation of support for successful outcomes.

The goal of a good public relations program is to create an image that invokes buy-in and positive support of both the internal and external audiences who interact with the Company.

Elements of successful public relations strategy include:

- Defining what Moldtranselectro is about:
 - Develop a Company Mission, Slogan or Philosophy that expresses in a short, simple statement just “who” Moldtranselectro really is;
- Express Moldtranselectro's customer commitment and dedication – what it will do, be, and deliver for its customers;
- Address issues of ;
 - uncompromising ethical behavior;
 - quality of services provided;
 - personal service to its customers;
 - trust - “why & how you can count on us”;
 - community relations (support for community activities, developing goodwill, providing job opportunities in the community, etc.)
 - employee morale (what we offer: salary, benefits, training/development, advancement, etc.)

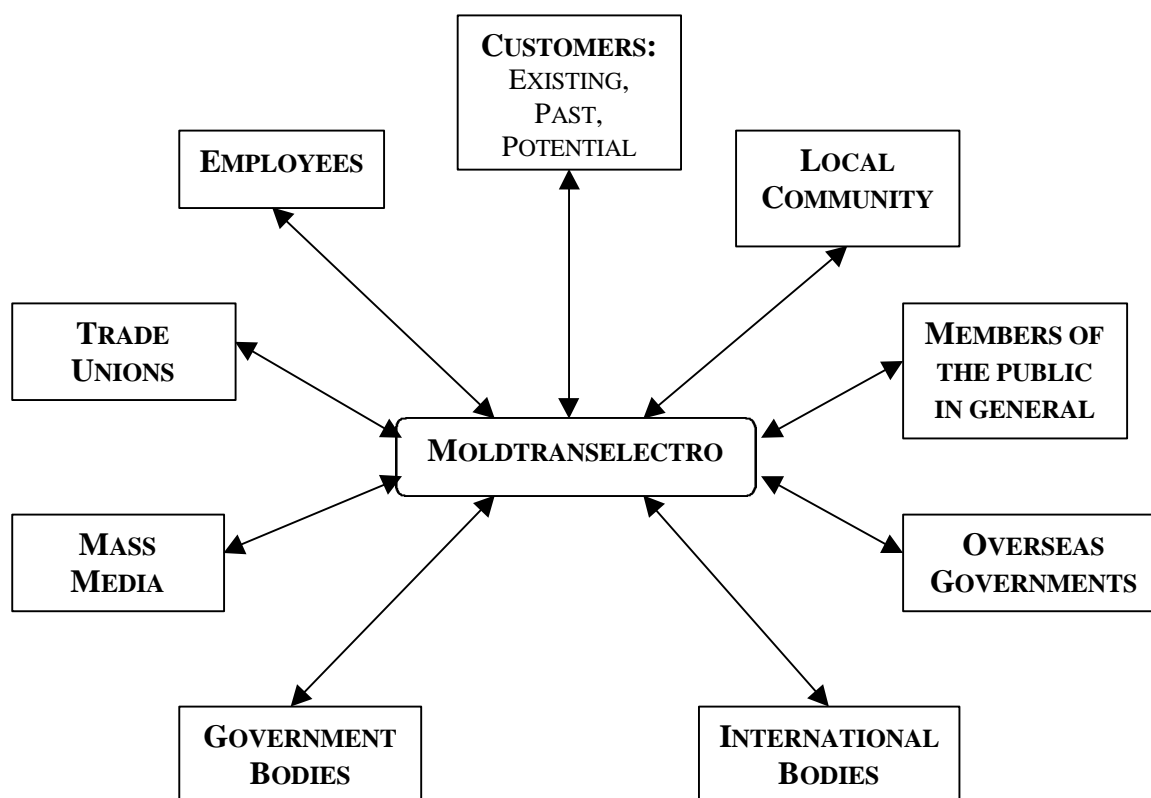
4. PUBLIC RELATIONS OBJECTIVES

The Public Relations Department's primarily objectives are to maintain and improve Moldtranselectro's:

- Reputation
- Credibility
- Confidence
- Harmony
- Mutual understanding.

These objectives are aimed to communicate with and persuade the company publics, where usually the public of interest is both internal and external. Fig.1 shows the range of publics that may be of concern to Moldtranselectro (MTE).

Fig.1 The range of potential publics of MTE



5. ANALYSIS OF THE EXISTING SITUATION

Based on meetings and interviews with Moldtranselectro regarding the present situation at the Company with respect to its efforts in public relations, we observed the following:

1. The Public Relations And Human Resources Department performs the present public relations activities in Moldtranselectro (Annex 1).
2. The department is headed by Mr. Codita and is composed of several groups:
 - Human Resources
 - Chancellery
 - Foreign Relations
 - Public Relations.
3. Only one person, who is employed half-time at MTE, is responsible for PR activity (he works full time for a Moldova TV channel).
4. The present PR activities of the department, based on the draft of department regulations, are restricted to:
 - The situation analysis of the Power Sector in Moldova in order to better communicate with mass media;
 - Drafting of articles to be published and preparing TV and radio speeches for managers or other MTE specialists;
 - Monitoring and analysis of the public media outlets (newspapers, journals, radio, TV, etc) in order to be able to react promptly and quickly to any statements concerning the activities of the power sector.
5. The vehicles for external communications are:
 - TV and Radio interviews;
 - Publication of newspaper or journal articles.
6. The main topics which appear in the mass media are related to energy sector debts and the problem of energy thefts.
7. There is no existing PR policy which has been developed for internal and external communications.
8. The Public Relations Department has just begun to develop job descriptions.
9. There is no separate budget developed and approved for the PR Department.

10. Public Relations staff remuneration depends on:
 - Working experience,
 - Period of employment, and
 - Position held.
11. There have not been any attempts to develop criteria for motivation and stimulation of the employees as a function achieved results compared to established objectives.

6. RECOMMENDATIONS

6.1. Department Location

The Public Relations Department will be part of Administrative Division that covers the major administrative activities of Moldtranselectro on behalf of the primary functional divisions: System Services and Transmission Services (Annex 2 and 3).

6.2. Department Structure

We propose the development and implementation of a two-sector Public Relations Department. The **Public Communications Group** will deal with communications with the external public, whereas the **Employee Communications Group** will be responsible for information flow to employees.

Overall public relations strategy and planning should be developed on a joint, coordinated basis for both groups. Each group will use the material created in the joint planning sessions to develop implementation programs for their particular area of responsibility. In this way, each team will have an action plan and unique programs that address their specific audience, but all programs will deliver information that provides a consistent message about Company philosophy, beliefs, and standards.

6.3. Reporting

The Public Relations Department Manager will report directly to the Administrative Services Director, but it is extremely important that the PR manager is regarded as a member of the senior management team and that he has direct and easy access to top management and all relevant information concerning the Company's activities. A well-informed, credible and forthright PR Manager is key to a successful public relations program.

6.4. Functions

The **Employee Communications Group** shall internally:

- provide everybody in the company with full and truthful information, flowing freely up, down and sideways;
- build a trust and confidence between top management and employees;
- address issues important to employees, such as insuring healthy and safe working conditions;
- promote harmonious working conditions throughout the organization; and
- build and maintain a pride in the organization and optimism for its future.

The **Public Communications Group's** main functions shall be directed toward influencing external public opinion by:

- seeking awareness by informing everyone “who we are”;
- involvement, exhibiting “what we can do for you”;
- communication, inducing “what we think”;
- ethical persuasion, i.e. “what we want you to believe or do and why”.

6.5. Staffing

The number of employees in the public relations department shall depend on the objectives set out for the department within the context of overall goals for the entire organization, as well as on the available resources and expertise. Generally, we recommend that initially the Company develop a small staff of highly competent professionals and expand only as may be needed in the future.

Further, the company may want to evaluate the advantages which it may obtain by using specialized public relations firms to assist its internal efforts or to outsource part of the required services to others.

6.6. Job Descriptions

In Annex 4 we are supplying a “Model For Job Descriptions” which may be used as a guideline in developing concrete job descriptions for each employee within the department.

6.7. Training and/or Recruiting

It is necessary to determine, through an inventory of existing skills, the availability of the required public relations skills among existing human resources at the Company. If adequate basic skills and/or knowledge needed are already residing in the company, then a “polish-bring-up-to-date” training strategy may be adopted to compensate for any additional expertise required.

Otherwise, new people from outside the Company must be recruited who possess the requisite skills to succeed in the public relations function.

7. CONCLUSIONS

Notwithstanding the fact that Moldtranselectro currently has a public relations function in its organization, we recommend that a strategic analysis be undertaken directed toward defining this important activity to be responsive to anticipated needs in the new power sector environment post restructuring. The following actions are recommended:

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ANNEX 1

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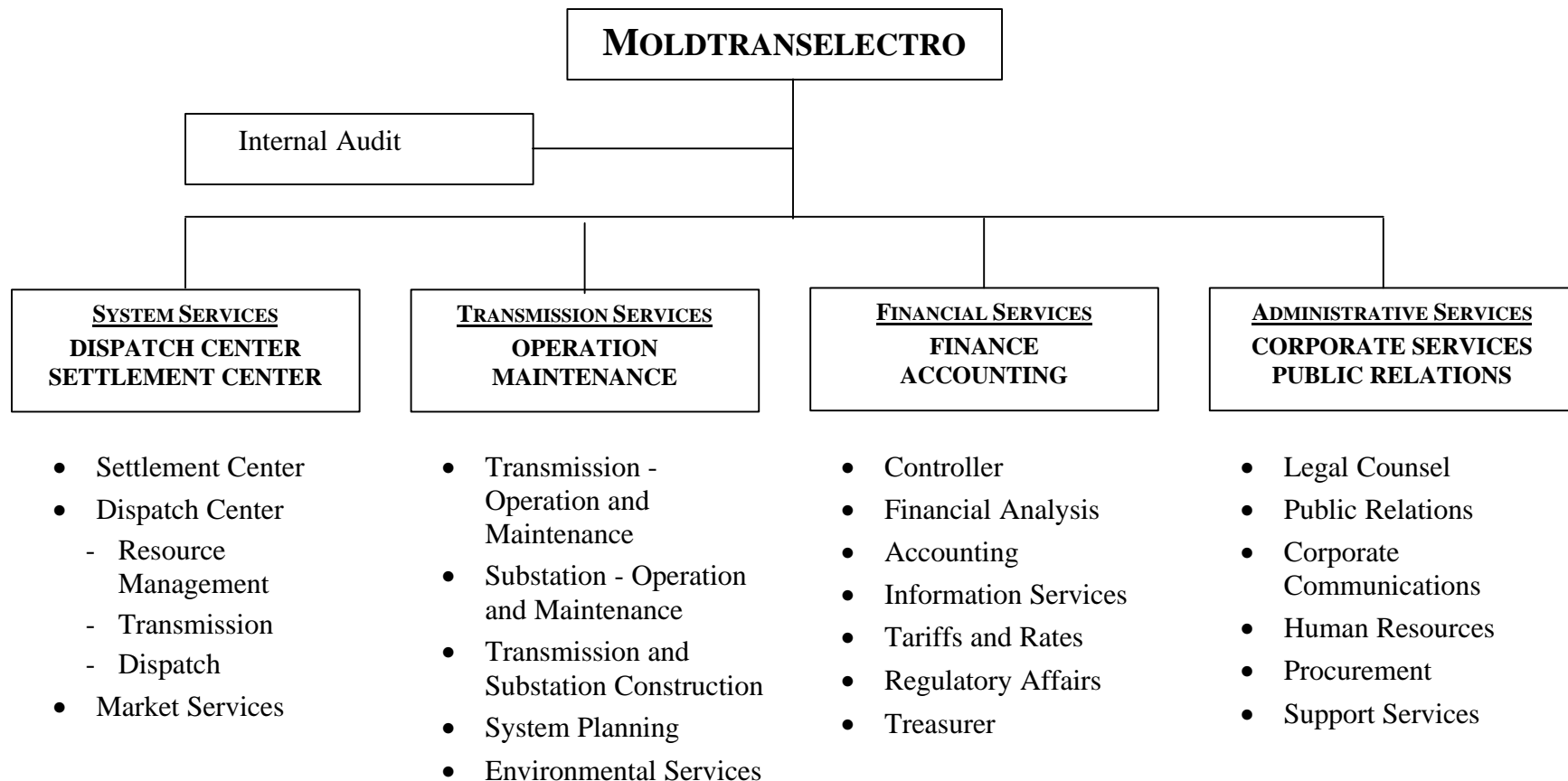
MOLDTRANSELECTRO CURRENT ORGANIZATION

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MOLDTRANSELECTRO CORPORATE ORGANIZATION

ANNEX 2

PROPOSED DIVISIONS AND CORPORATE FUNCTIONS



MOLDTRANSELECTRO CORPORATE ORGANIZATION

ANNEX 3



MODEL FOR JOB DESCRIPTIONS

ANNEX 4

I. TITLE OF THE POSITION:

What will the person who holds this position be called? Obviously, the title should relate to the job responsibilities, which the position contains.

II. PURPOSE OF THE POSITION:

This section should answer the questions: Why is this position needed? What responsibilities will this position carry?

III. ORGANIZATIONAL LOCATION OF THE POSITION IN THE CHP STRUCTURE:

These will advise as to where in the organization the position resides, and shed light on reporting responsibilities and relationships.

IV. POSITION TASKS AND DUTIES:

This section will advise about specific work, which shall be performed by the person holding the position.

V. SUPERVISORY RESPONSIBILITIES:

This section will identify the people and organizations, if any, for which the position holder will have supervisory responsibilities.

VI. REPORTING RESPONSIBILITIES:

This section will identify the position to which this person will report for instruction, direction, job-related advice and counsel, and periodic evaluation.

VII. COORDINATING RESPONSIBILITIES:

Because no person in a work environment should operate in a vacuum, this section will identify those people, groups and departments with whom the position holder should work and consult on a regular basis in order to successfully satisfy the duties and responsibilities of this position.

VIII. REQUIRED SKILLS AND CAPABILITIES (objective measures):

This section will answer the questions: What must the person who holds this position know or have familiarity and experience with in order to be successful. These matters usually have to do with academic, business or craft experiences, job experiences, particular language skills, if any, and so forth.

IX. PERSONAL FEATURES (subjective characteristics):

This section will attempt to identify personal and personality features which are either desirable or to be avoided in people who hold this position.

X. REQUIRED MINIMUM QUALIFICATIONS:

This section will identify specific academic, craft, or technical qualifications, licenses, certificates or other objective requirements for the position.